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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

December 9, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 24235 FILED

DEC 09 12 2-30 PM

Dear Mr. Williams:

SURFACE TRANSPORTATION BOARD

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Collateral Schedule No. 1 to Master Security Agreement, dated as of December 9, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: General Electric Capital Corporation
1301 Virginia Drive
Suite 200
Ft. Washington, PA 19034

Debtor: Besse Forest Products, Inc.
933 North Eighth Street
Gladstone, MI 49837

A description of the railroad equipment covered by the enclosed document is:

Twenty-Five (25) flatcars BFPX 1000 – BFPX 1024

Mr. Vernon A. Williams
December 9, 2002
Page Two

A short summary of the schedule to appear in the index follows:

Memorandum of Collateral Schedule No. 1 to Master Security Agreement,

Also enclosed is a check in the amount of \$30.00 payable to the order of the
Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anr
Enclosures

RECORDATION NO. 24235 FILED

DEC 09 '02

2-30 PM

SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF COLLATERAL SCHEDULE NO. 1
TO MASTER SECURITY AGREEMENT**

dated December 9, 2002

by and between

**GENERAL ELECTRIC CAPITAL CORPORATION,
as Secured Party**

and

**BESSE FOREST PRODUCTS, INC.,
as Debtor**

**MEMORANDUM OF COLLATERAL SCHEDULE NO. 1
TO MASTER SECURITY AGREEMENT**

THIS MEMORANDUM OF COLLATERAL SCHEDULE NO. 1 TO MASTER SECURITY AGREEMENT (this "Memorandum") is made this 9 day of December, 2002, by and between GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (the "Secured Party"), and BESSE FOREST PRODUCTS, INC., a Michigan corporation (the "Debtor").

A. The Secured Party agreed to make to the Debtor a term loan evidenced by that certain Promissory Note (the "Note") dated the date hereof from the Debtor to the Secured Party.

B. To secure the Debtor's Indebtedness (as defined in the Security Agreement, hereinafter defined) to the Secured Party, the Debtor executed and delivered to the Secured Party the Master Security Agreement dated as of the date hereof and the Collateral Schedule No. 1 dated the date hereof (collectively, the "Security Agreement") pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral (the "Collateral"):

(a) twenty-five (25) bulkhead flatcars described on Exhibit A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the Collateral;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person (as defined in the Security Agreement), by contract or otherwise, in respect of any defect in the Railcars or any part thereof;

(e) any agreement now or hereafter entered into for leasing the Railcars to any third party, and the right to receive all payments and other sums due and to become due from time to time thereunder, to receive all notices and give consents, to exercise any election or option, to declare defaults and to demand payment of any sum due in connection therewith;

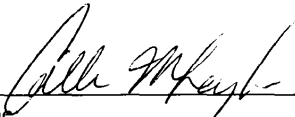
(f) all rent, damages and other moneys from time to time payable to or receivable by the Debtor in respect of the Railcars; and

(g) all proceeds (cash and non-cash), including insurance proceeds, settlement proceeds and condemnation awards thereof.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

GENERAL ELECTRIC CAPITAL
CORPORATION

By: 
Name: Colleen McLaughlin
Title: Risk Analyst

WITNESS:

BESSE FOREST PRODUCTS, INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

GENERAL ELECTRIC CAPITAL
CORPORATION

By: _____
Name:
Title:

WITNESS:

BESSE FOREST PRODUCTS, INC.

Dennis A. Rood

By: *John D. Besse*
Name: JOHN D. BESSE
Title: PRESIDENT

STATE OF Pennsylvania, County OF Montgomery

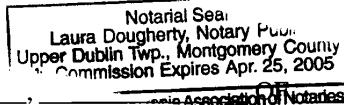
On this 6th day of December 2002, before me, a Notary Public of the City and State aforesaid, personally appeared Colleen T. Kelly, to me personally known, who being by me duly sworn, says that she is the P.E.A. Secretary of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)

Laura Dougherty
Notary Public

My commission expires:



STATE OF _____, _____ Association of Notaries

On this _____ day of _____, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of BESSE FOREST PRODUCTS, INC., a Michigan corporation, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)

Notary Public

My commission expires:

STATE OF _____, _____ OF _____

On this ____ day of _____, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)

Notary Public

My commission expires:

STATE OF Michigan, County OF Delta

On this 15th day of November, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared John D. Besse, to me personally known, who being by me duly sworn, says that he is a President of BESSE FOREST PRODUCTS, INC., a Michigan corporation, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)

David A. Pandy
Notary Public

My commission expires: Sept. 30, 2003

EXHIBIT A

DESCRIPTION OF RAILCARS

Twenty-Five (25) 100-ton bulkhead flatcars (the "Railcars") bearing road marks and numbers as follows:

Old Numbers

FURX 050024
FURX 050025
FURX 050026
FURX 050027
FURX 050028
FURX 050029
FURX 050030
FURX 050031
FURX 050032
NAFX 63001
NAFX 63015
NAFX 63005
NAFX 63009
NAFX 63003
NAFX 63012
NAFX 63002
NAFX 63010
NAFX 63008
NAFX 63004
NAFX 63000
NAFX 63013
NAFX 63011
NAFX 63006
NAFX 63014
NAFX 63007

New Numbers

BFPX 1000
BFPX 1001
BFPX 1002
BFPX 1003
BFPX 1004
BFPX 1005
BFPX 1006
BFPX 1007
BFPX 1008
BFPX 1009
BFPX 1010
BFPX 1011
BFPX 1012
BFPX 1013
BFPX 1014
BFPX 1015
BFPX 1016
BFPX 1017
BFPX 1018
BFPX 1019
BFPX 1020
BFPX 1021
BFPX 1022
BFPX 1023
BFPX 1024